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SECURITY INFORMATION

5 November 1951

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DAILY DIGEST

Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

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State Dept. review completed

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SECTION 1 (SOVIET)

1. USSR. Redisposition of Soviet Air Force fighter units in Occupied Europe
25X1C may be under way: [redacted] re-reports that as of 1 November it was confirmed that one Soviet Air Force jet fighter division (three regiments totaling about 100 MIG-15's) had departed eastward out of Germany by rail. The departure of another [redacted] fighter division from Germany by rail has been reported, but not definitely confirmed, and the aircraft of a third division cannot be located.

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25X1A [redacted] one regiment of a fourth fighter division has changed its base within Germany during the past week. No new air units have arrived in Germany. [redacted]

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Comment: Previous reports indicate that the aircraft of three Soviet Air Force divisions (about 300 MIG-15's, constituting half the jet fighters in East Germany) have been missing from their bases since early October.

These recent moves may be part of a Soviet redisposition program within Eastern Europe to improve tactical air capabilities in that area, or may represent the departure of some units to reinforce another area. Less likely explanations are: occupation of new airfields; a re-equipment or modification program; or maneuvers.

The evidence to date does not support the conclusion that a major reduction in Soviet military strength in Occupied Europe is under way. The full extent of the air redisposition is not yet known, there is no evidence of a reduction of ground forces, and the preparation of permanent military installations in Germany continues.

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- [Redacted]
3. ALBANIA. Cominform radio station reported in Tirana: The Cominform has reportedly decided to set up a powerful radio station in Tirana to broadcast propaganda aimed at the Middle East, Italy and France. Experimental programs will be broadcast in December with a regular schedule beginning in January 1952.

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Comment: Moscow in March 1951 began the practice of appropriating time on Satellite transmitters for the purpose of relaying its international programs.

A press report from Belgrade on 30 July stated that a 50 kilowatt radio station was under construction in Tirana. Radio Tirana on 10 October announced vacancies for announcers in Arabic, German and Spanish.

4. RUMANIA. Decree tightens navigation controls: The Rumanian Council of Ministers on 29 September amended the 1950 law on sea and river navigation to extend Rumanian "territorial waters" to 12 maritime miles. The amendment prohibits the following in territorial waters: navigation without a pilot, fishing, measuring water depth or temperature, taking photographs, carrying on "research work of any nature," and the landing of passengers or goods outside of ports. Any vessel, regardless of nationality, which navigates in the territorial sea without a pilot shall be stopped, searched and brought to a Rumanian port. (British-US Rumanian Press Summary, 30 Sep 51)

Comment: The USSR similarly claims that its territorial waters extend for 12 maritime miles.

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SECTION 2 (EASTERN)

1.

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2. EGYPT. NATO membership for Egypt to be proposed by Italy: Italy, [redacted] is ready to propose a solution of the Anglo-Egyptian dispute by suggesting that Egypt be admitted to NATO. This action is to be taken with the understanding that Egypt will then make available military bases, including the Suez defenses, under the same conditions as facilities furnished by other NATO members.

The proposal would permit British forces in the strength provided for in the 1936 treaty to remain in the Canal Zone until NATO arrangements have been finalized. [redacted] for critical security reasons this report is not to be further transmitted within the United States, or beyond the borders of the United States, without the express permission of the releasing office.)

Comment: There is no confirmation that Italy is about to make such proposals.

A proposal of membership for Egypt would be unacceptable to most NATO members. If it were seriously considered, the now pending ratifications of the protocol for admitting Greece and Turkey would be imperiled, especially in those NATO countries which already fear over-extending NATO.

3. BURMA/INDIA. Indian official comments on Nu-Nehru conference: A high official of the Indian Foreign Ministry told the UK High Commissioner in New Delhi that the Thakin Nu-Nehru conference had been confined largely to generalities. He indicated that India "was alive" to the situation in Burma, but did not take as gloomy a view as did the British. The official also stated that Nu had been "relatively optimistic" in his conversations. The High Commissioner felt that the

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Indians were not "entirely convinced" by Nu's bright outlook, but understood that they had not been able to make a good case for settling the Karen problem as they appeared to be without any practical suggestions which might conceivably be accepted by the Burmese. (S London 2146, 1 Nov 51)

Comment: This report indicates that India, as well as the UK, has failed to adopt a constructive policy towards Burma, despite the growing threat of Communist control over large parts of the country.

4. BURMA. Thakin Nu interviewed by press in Calcutta: Before leaving India, Burma's Prime Minister Thakin Nu indicated to a press conference in Calcutta that Asian solidarity, while desirable, would not be possible as long as some countries, such as Indochina, were not free. He added that it was his opinion that China would like "any plan of Asian solidarity." With regard to Burma, Nu told the newsmen that a Karen state would be established as soon as the Karen insurrection was completely quelled in certain areas. He emphatically rejected a suggestion that Burman-Karen differences be mediated. Nu stated that the Communists and other insurgents were not strong enough seriously to challenge government forces, but admitted more troops were necessary to bring them under control. In conclusion, the Prime Minister stated that Burma had two five-year plans--one to end the insurgencies and the other to nationalize all land through the payment of compensation. (U New Delhi 1539, 31 Oct; U Calcutta 224, 31 Oct 51)

Comment: This press interview is a striking illustration of Thakin Nu's penchant for mixing undue optimism with ill-defined foreign and domestic policy concepts.

5. Ba Swe seen working toward premiership: The US Embassy in Rangoon reports that there are increasing indications that Ba Swe, the influential leader of the Burma Socialist Party, is maneuvering to become Prime Minister. The Embassy states that this is further indication of a rift between leftist and moderate Socialists, and that there is danger of a rapprochement between the former and the pro-Communist BWPP. (C Rangoon 439, 2 Nov 51)

Comment: Ba Swe has been reported by at least one other source to have ambitions to become Prime Minister. He remained with the Socialists when the founders of the BWPP broke away from that party, but his subsequent speeches have closely followed the Communist line.

Should Ba Swe become Premier, the Burmese Government's drift to the

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right would be abruptly reversed, US-UK influence would be reduced to a minimum, closer relations with Communist China would be encouraged and the prospects of Communist domination of Burma would be greatly enhanced.

6. War Office acts against foreign contacts: The Burma War Office has directed the graduating class of the Staff College to decline invitations to the annual graduation luncheon given in their honor by the various military attaches in Rangoon. [redacted] it is no longer possible to ignore the "bamboo curtain" which has been lowered on all governmental activities, particularly those of the armed forces. (C Rangoon 439, 2 Nov 51)

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Comment: This "bamboo curtain" is a tribute to the effectiveness of leftist criticism of the government, led by the BWPP. The sensitivity of the Burmese Government to this type of criticism prevents it from taking the necessary steps to strengthen itself in the face of the growing Communist threat.

7. Burmese leftists on way to Vienna: The US Embassy in Rangoon has been informed that Thakin Lwin, head of the BWPP, is en route to the forthcoming World Peace Conference in Vienna from Peiping, where he attended the celebration of the second anniversary of the Chinese Communist Government. He is said to be traveling by way of Siberia and to be accompanied by the President of the Burma Students Union and an MP. (C Rangoon 439, 2 Nov 51)

8. Leftist alliance formed: The Burma Workers and Peasants Party, the Peoples Peace Front under Aung Than (the late Aung San's brother) and Ba Maw's Mahabama Party have announced the formation of a "triple alliance." The US Embassy in Rangoon expects the BWPP, because of its superior organization, to dominate this leftist coalition. (C Rangoon 439, 2 Nov 51)

Comment: The BWPP, the aboveground Communist Party in Burma, has been making steady progress in gaining political adherents in Burma. Such a group as the above might be joined by the left wing of the Socialist Party in the interest of overthrowing the moderate Socialists who now dominate the government.

9. THAILAND. Rift opens among anti-Communist Chinese in Bangkok: A serious split among the anti-Communist Chinese in Bangkok has reached the surface, according to the US Embassy. The Thai police, on the urging of Chinese Nationalist General Li Mi, are deporting a group of Chinese who have

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been responsible for the publication of the only anti-Communist, pro-Nationalist organs in Thailand. Li, who has close and profitable connections with the Thai police chief, is reliably reported to have instigated this action because of his belief that the group represented a threat to his position and plans in Burma and Yunnan. The prospective deportees have promised to publish the "full inside story." Li Mi is reported to be deferring a return to his troops in Burma until the group has been deported. (C Bangkok 999, 1 Nov 51)

Comment: This report demonstrates the serious factionalism which exists among anti-Communist Chinese in Bangkok.

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11. THAILAND/MALAYA. Arms for Malaya captured: According to an official of the British Embassy in Bangkok, the shipment of a second load of arms to Malaya has been frustrated by the capture in Bangkok of an arms cache and attendant personnel. The US Embassy comments that this is the first intimation by any British official in Bangkok that arms have been smuggled into Malaya from Thailand. (C Bangkok 999, 1 Nov 51)
12. INDONESIA. Parliament defeats motion criticizing government's security sweep: Parliament defeated by a vote of 91 to 21 on 1 November a motion criticizing the government's conduct of the August-September security sweep. The government has emerged from this test with its prestige apparently strengthened. (R Djakarta 678, 2 Nov 51)

Comment: Parliamentary criticism appears to have been based chiefly

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upon dissatisfaction over the government's arbitrary action without prior consultation with Parliament. In reply to the criticism, Prime Minister Sukiman revealed the discovery of a plot to overthrow the government and assassinate many of its leaders. The discovery of the plot, the development of an "untenable" situation in West Java, and the fact that certain members of Parliament had contributed to the development of the plot forced the government to take immediate and arbitrary measures.

13. Communist leader in hiding at Chinese Embassy: Alimin, Chairman of the Indonesian Communist Party Central Committee, escaped arrest in the security sweep and has disappeared. He is believed to have taken refuge in the Chinese Communist Embassy in Djakarta. [redacted]

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Comment: This is the first report on Alimin's whereabouts since his disappearance from Djakarta some time after 12 August. The Chinese Embassy is undoubtedly a likely haven for him -- so likely that the idea of his presence there could easily become the source of rumor. It is probable, however, that Alimin is still in Indonesia and very probably still in Djakarta.

14. Government issues warning to Chinese schools: Police issued special regulations to 20 Chinese schools in Surabaya last August with the warning that, if the regulations were not observed, the schools would be closed. The government notices specified that (1) politics should not be taught, (2) propaganda for any political ideology must not be introduced, (3) criticism of the government should not be directly or indirectly encouraged, (4) posters and slogans, especially those containing propaganda detrimental or offensive to a foreign country, should not be displayed on school premises, and (5) students should not be prohibited from attending exhibitions of American films. [redacted]

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Comment: There is no indication that any serious attempt has been made to enforce the regulations.

Similar instructions may have been issued in Djakarta, where police recently confiscated approximately 1,000 geography books at two Chinese secondary schools. The books called for the overthrow of the Indonesian Government by force.

15. CHINA. UK squelches rumor of Peiping proposal to exchange foreign nationalists: A British Foreign Office spokesman has assured the US Embassy that there is no truth in the reported Chinese Communist offer to ex-

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change Europeans held in China for Chinese imprisoned in Malaya. The spokesmen commented that the UK would be "only too glad" to accept such an offer. (S London 2119, 31 Oct 51)

Comment: The Daily Digest of 31 October reported the alleged proposal, noting that it was unconfirmed by British sources.

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16. Impressions of Russians in Manchurian industry given: Russian industrial advisers in Manchuria were recently described [redacted]

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[redacted] while he did not speculate on the total number of Soviet technical advisers in Manchuria during his visit, said that a few appeared to be assigned to most plants. There were eight Soviet "inspectors" at the Anshan iron and steel mills (probably China's most important heavy industrial installation) but no Soviets were present at the large sulphuric acid and ammonium sulphate plant at Dairen or at a number of smaller chemical plants.

The authority of Soviet advisers varied from plant to plant, often depending on the pro-or anti-Russian bias of the plant manager, or the competency of the advisers. These advisers appeared to be paid directly by the Chinese Government rather than by the plant. Although in general

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[redacted] Russians assigned to Chinese industries exercised considerable authority (plant managers were often simply afraid to reject direct Soviet orders), the Russians at the large steel works at Anshan did not interfere with the Chinese management, which made no effort to consult with them.

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[redacted] was that most Soviet engineers in Manchuria would be considered "third-rate, even in Russia." Many Chinese technicians and plant managers expressed [redacted] their lack of respect for the Russian engineers with whom they were working. One exception was the synthetic rubber plant at Kirin; Chinese engineers from this plant claimed the Soviets working there were first-rate engineers. Stories of costly mistakes caused by poor Soviet technical advice were commonly circulated in China [redacted] (S

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[redacted]

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17. Organization of the Chinese Communist Fifth Field Army reported:

[redacted] the Chinese Communists in August 1951 organized the Fifth Field

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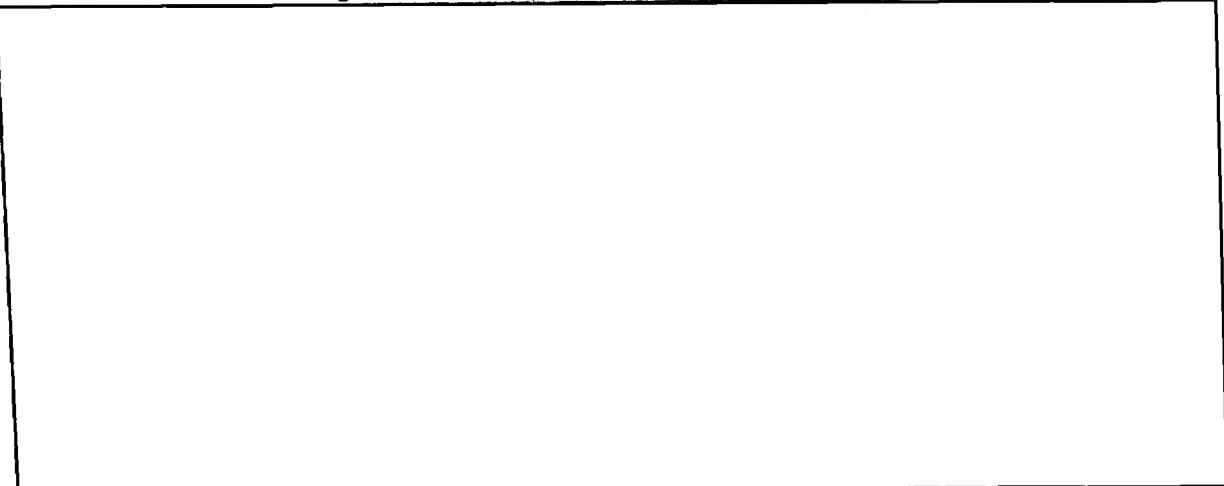
Army. It comprises four infantry armies and four mechanized corps of the same size as a Soviet mechanized corps. It is equipped with Soviet arms.

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Comment: There have been many previous unconfirmed reports of the formation of a Chinese Communist Fifth Field Army, organized with Soviet assistance and advice. [redacted] claims that the Fifth Field Army was formed under Soviet guidance in the spring of 1951, its troops being drawn from the North China Military Area Special Army Group, long known as the "5th Field Army." While subsequent reports have alleged the presence of units of the Fifth Field Army in Korea under Nieh Jung-chen, who was and is C.O. of the NCMASAG, no such Soviet-equipped units have been encountered in combat.

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18. KOREA. Food shortage in North Korea not seen as acute: In reply to



Comment: It has been generally indicated that the coming winter will work a severe hardship on the North Korean civilian population. Factors, in addition to food, contributing to this suffering will be the acute lack of housing and a probable shortage of consumer goods, particularly textiles.

No firm conclusions regarding the stability or instability of the North Korean regime can be drawn from current evidence. There are indications, however, pointing to increasing administrative problems being encountered in the lower levels of government. The disorganization following UN occupation last winter, the considerable loss of effective administrative personnel by death, defection or conscription, and the previously observed sharp lowering of living standards must all be considered in assessing the degree of success achieved by the North Korean regime in reimposing its previously tight control system.

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19. Steps taken to alleviate refugee problem in ROK: The ROK Minister of Social Affairs issued a statement November 1 concerning the dispersion of 15,000 refugees from North Korea concentrated in the Seoul region "into warm southern areas." This action is part of a "winter preparations" plan which includes the designation of November as the "month for refugees entry arrangements" and an appeal for "the public to make preparations for the approaching winter season." (R FBID Ticker, 1 Nov 51)

Comment: With 1,500 other refugees arriving in Seoul and its environs each week from all Korea and a conservatively estimated four million refugees throughout South Korea, the immensity of the task confronting ROK officials is manifest. Nevertheless, it is encouraging to note that definite, even though inadequate, steps are being taken to cope with this critical problem.

20. JAPAN/KOREA. Negotiations deadlocked over Japanese demand for return of ships; Japanese-Korean negotiations in Tokyo struck a snag on 2 November over a Japanese demand that Korea return all the Japanese shipping it had seized, including five "large steamers" presently under Korean flag operation. The Korean Government is expected to spurn the Japanese demand, as the five ships currently form the major part of the Korean fleet. (R FBID Ticker, Central News, 2 Nov 51)

Comment: The Koreans claim all shipping in Korean ports at the end of the war, regardless of registry, while the Japanese recognize Korean ownership of those ships registered in Korea only.

With several other equally debatable issues to be considered, negotiations will move slowly. Both countries may appeal to the US to support their individual views.

21. JAPAN. Soviet officials discuss trade matters with Japanese Diet members: Two Soviet officials in Tokyo went to the Diet on 2 November and talked unofficially for two hours with some 50 members of Parliament about an eventual resumption of commercial exchanges between the USSR and Japan.

Representatives of all political parties in Japan, including the Communist Party, took part in this discussion which covered the importing of Soviet raw materials in exchange for machines and manufactured products. (R FBID Ticker, AFP Paris, 2 Nov 51)

Comment: Japan's trade with the USSR has been historically insignificant; in the postwar period minor trade developed, with Japan receiving coal and wood pulp from Sakhalin and potash from East Germany in exchange for railroad equipment, tug boats, barges and fishing equipment. It is

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expected, however, that the USSR will continue to dangle before the Japanese the prospects of Chinese and Satellite raw materials, if only to create further dissension within Japan over the latter's loss of its traditional source of supply.

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SECTION 3 (WESTERN)

1. FRANCE. French economic crisis mounts: The ECA Mission in Paris reports that the French Government is showing increasing pessimism in making the basic decisions necessary for its 1952 budget and for NATO's current survey of national capabilities, and is considering a fifty percent reduction in dollar imports for its current fiscal year.

The Mission believes that the French economic and financial crisis is now reaching its peak and that the contemplated import cuts would have "extremely serious consequences" for the economy and rearmament.
(S Paris TOECA 1380, 31 Oct 51)

Comment: The French had been counting heavily in recent months on large imports of US coal, cotton, oil, and equipment. A sharp curtailment of this program would be a blow not only to production but also to the basic French policy of stemming the inflation by increasing imports.

France's growing economic difficulties can be expected to jeopardize its present position in Indochina, its willingness to accept a maximum German contribution to European Defense, and its resistance to Soviet Orbit demands for strategic commodities in exchange for vitally needed imports.

2. A "rightist solution" is not imminent in France: The US Embassy in Paris concludes on the eve of the new Assembly session that the disunity among the components of the middle-of-the-road coalition "has at least not worsened and may in fact be less now than when the Assembly recessed in September." While Premier Pleven has neither made nor received commitments envisaging more solid Socialist support of the government, the likelihood of an early deal between the other supporting parties and the Gaullists appears to have lessened.

The new Secretary-General of the Gaullist party has indicated that, although the General "realizes he must share the government with others on a coalition basis," he insists on having firm leadership of such a coalition himself. (C Paris 2573, 31 Oct 51)

Comment: This is a further indication that the middle-of-the-road coalition should not be expected to crumble in the near future under the growing weight of the problems facing the Pleven government.

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3. French Communists suffer setback in key industry: The "de-communication" of labor in the Paris metallurgical industry is being successfully pursued by the employers' association and the non-Communist unions. Employers have firmly resisted unity-of-action committee demands, and the failure of wage negotiations in the metallurgical industry has given the Socialist-oriented union an excuse to withdraw from the unity-of-action committee. This union now plans a non-Communist association of Paris-region metal industry unions. (S Paris 2534, 30 Oct 51)

Comment: The Communists have carefully nursed local unity-of-action committees since last spring in the hope of gaining complete control of French labor by working from the bottom up. Failure in the key Paris metal industry is a serious blow to their plans. This may be the turning point leading to an end of dominant Communist influence in critical sectors of French labor, particularly if the French Government successfully promotes a national economic conference excluding the Communist-controlled union.

4. Lurid US journalism plays into Communist hands: The US Embassy in Paris deplores the adverse effects on US interests of articles stressing the horrors of a third world war, such as the recent lurid account in Collier's. Such articles have a "most depressing" effect on informed French opinion and foster doubts as to the stability and intent of US foreign policy. Thus they reveal "a basic misunderstanding of the current psychological climate in Western Europe" and strengthen the position of the neutralists, whose chief appeal is that war is not inevitable if Western Europe remains "independent." The neutralist-oriented Paris Le Monde has played up these articles, with the editorial comment that such terrifying accounts of "the next war" can hardly serve the cause of peace.

The Embassy is convinced that these "men from Mars" articles, with pseudo-historical timetables and dramatic destruction, aid the Soviet peace campaign considerably by associating the US with war-mongering. (S Paris 2569, 31 Oct 51; C Paris 2568, 31 Oct 51)

Comment: In view of the growing crisis in French opinion concerning rearmament, such articles are particularly ill-timed. A majority of the French concur in Western rearmament only grudgingly, and their support will be further weakened if they are not convinced that the growing military burden is reducing the prospect of war.

5. AUSTRIA. Soviet representatives in Vienna show concern over US strategy: According to Austrian Foreign Minister Gruber, a conversation on 31 October between high Austrian officials and two Soviet political advisers revolved around the theme of Soviet concern for US strategic

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defense plans throughout the world. The Soviet representatives said they were prepared to make concessions to stop this US "aggression," and remarked that in view of Churchill's return to power, a four-power conference could be held from which favorable results might be expected.

Gruber found the Soviet representatives to be "sensitive" and "on the defensive" on the subject of an Austrian state treaty. They attempted to connect the treaty question with alleged remilitarization in the Western zones of Austria, the refusal of the West to consent to an investigating commission, and with the stationing of British and US troops in Trieste. Gruber feels that the Soviet representatives will employ these same objections in a new meeting of the Austrian treaty deputies.
(S Vienna 1591, 1 Nov 51)

Comment: Soviet officials in Western Europe have recently alleged that the USSR would make concessions to obtain a change in US strategy. In early 1951 prior to the unsuccessful Deputy Foreign Ministers' Conference, there was a series of similar reports that the USSR would make concessions to stop German rearmament. In the last series of Austrian treaty talks, the USSR used the Trieste issue as a means of blocking agreement. In recent weeks the repeated Soviet charges of remilitarization in west Austria have appeared to be laying the foundation for further objections to an end of the Austrian occupation.

25X1 6. Austro-Rumanian trade negotiations suspended: [redacted]
[redacted] asserts that Austro-Rumanian trade negotiations have been broken off. The Austrian negotiators in Bucharest have allegedly requested permission to return to Vienna. [redacted]

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Comment: Although this report is not otherwise confirmed, Austria has heretofore been subjected to hard bargaining from Eastern negotiators. Difficulties have in previous discussions centered on Satellite demands for Austrian strategic exports, and Austrian insistence on settlement of Satellite debts incurred under previous trade agreements.

7. BELGIUM-NETHERLANDS. Discussions for renewal of trade agreements with Poland not proceeding satisfactorily. The Dutch, who are currently conducting trade discussions with the Poles in Warsaw, have stated that the negotiations "are going badly" and no agreement for coal is likely. The Netherlands Economic Affairs Minister had denied that the Dutch offered strategic materials for Polish coal, adding that the Dutch delegation has not been authorized to offer Poland any strategic item.

The Belgian Government, also negotiating with Poland, has not "admitted contemplating" the supply of strategic items to Poland in

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in return for coal. Information to the contrary from a Polish official may be the result of a free-lance promoter's reported attempts to arrange deals involving Polish coal with several Western European countries. (S Brussels 602, 30 Oct 51; S The Hague 431, 1 Nov 51)

Comment: Reports of Benelux offers of strategic materials in exchange for Polish coal emanated from the head of the Polish delegation to the current Swedish-Polish trade negotiations.

The Netherlands is believed to have sufficient coal reserves to forestall any shortages, provided the winter is not too severe. Belgium does not generally import large quantities of coal.

8. UNITED KINGDOM. No drastic change in British policy toward Spain expected: The new British Government will not make any major changes in Spanish policy, according to tentative information given the US Embassy in London by the Foreign Office. British opposition to Spanish membership in NATO or to US military aid to Spain and disapproval of Spanish domestic policies are expected to continue under the Conservative regime.

Although the Foreign Office anticipates the gradual elimination of certain discriminatory practices of the former Labor government, the Conservatives first desire evidence of a more friendly Spanish attitude toward the British. (S London 2145, 1 Nov 51; S Paris 2588, 1 Nov 51)

Comment: Speculation that the Conservatives would reverse the Labor government's Spanish policy has not been borne out. The Conservatives had previously objected to US military aid to Spain, fearing that such an agreement might cut the flow of arms to NATO countries.

9. TUC pledge support for new government: A statement by the Trades' Union Congress (TUC) issued on 30 October, following a meeting of its General Council, states: "It is our long standing practice to seek to work amicably with whatever government is in power and through consultation jointly with Ministers and with the other side of industry to find practical solutions to the social and economic problems facing this country. There need be no doubt, therefore, of the attitude of the TUC towards the new government."

The Embassy comments that this statement indicates the feeling of public responsibility which characterizes the TUC's General Council. It believes the TUC will endeavor to restrict its influence to the economic and industrial sphere, and that the Churchill government will be cautious in formulating policies which directly affect the trade union movement. (R London 2123, 1 Nov 51)

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Comment: The TUC has been increasingly influential in joint consultative committees instigated by the Labor government, for which it provided powerful political support. The TUC will be especially anxious to maintain the National Joint Advisory Committee and the Chancellor of the Exchequer's Economic Committee, both of which include government, trade union, and employer representatives.

10. Personal domination of Churchill ensured by cabinet selections: The composition of the new British Cabinet emphasizes Winston Churchill's domination of the Conservative government. Churchill's selection of his closest wartime advisers to fill key jobs and his own retention of the defense ministry demonstrate the extent to which this personal control will be carried.

Although the Cabinet appointments consist mainly of well-known Conservative figures, many of them fill unexpected posts. The presence in the government of six peers who will be unable to answer queries in the House of Commons has evoked some criticism in the British press. However, the Prime Minister has presumably made his choices deliberately in order to relieve Cabinet Ministers from some routine ministerial responsibilities and from constant attendance in Parliament necessitated by the slim majority, as well as to bring the men with special qualifications into suitable assignments. Only two of the "progressive Young Tory group," R.A. Butler and Sir David Maxwell Fyfe, were given important posts. (Information from: C London 2066, 29 Oct 51; 2089, 30 Oct 51; 2102 and 2116, 31 Oct 51)

11. ARGENTINA. Peron may have made an agreement with high army leaders:
25X1 [redacted] has stated that there is a strong possibility that Peron has made an agreement concerning his political future with Minister of Defense Sosa Molina, Army Minister Lucero, and General Angel Solari, Commander in Chief of the Army. According to the agreement, the military will guarantee that Peron will continue in office regardless of the outcome of the elections, but only as a figurehead. If Peron should not win the elections as expected, the military will effect a "simulated coup" to prevent the opposition from coming into power.

25X1 [redacted]
Comment: The relationship between Peron and the army is not clear. There have been recent indications of disagreement between Peron and Sosa Molina, and questionable reports concerning the possibility that the military may attempt to force Peron out. The apparently undisturbed progress of Peron's program for re-election may mean only that the powerful army generals are adhering to their earlier decision to support him through the elections (see OCI Daily Digest, 28 Sep and 1 Oct 51).

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Such a decision may not be consonant with the plans of other armed forces and political opposition elements. A nationalist and a retired army officer are reportedly implicated in a plot to assassinate Peron. The source of this report states "many other Argentines also think that an assassination is the only solution" to Argentina's problems.

12. COLOMBIA. Urdaneta will be sworn in as President. Dr. Roberto Urdaneta will be sworn in to-day, November 5, as temporary President of Colombia. He will serve in that capacity during the illness of President Laureano Gomez. (C Bogota 330, 2 Nov 51)

Comment: The rightist bias of the present Colombian Government may be strengthened during the incumbency of Urdaneta, since delay in advancing Gomez's rightist program has been largely due to the latter's ill health. However, the new President is unlikely to make any significant change in Colombia's pro-US orientation.

13. URUGUAY. Montevideo strike situation may lead to more serious disorders: The US Embassy in Montevideo states that the continued impasse in the strike situation is "creating economic hardship and a sense of desperation among strikers which might lead to more serious disorders." The previously weakening attitude of the strikers is now stiffening, and worker resentment is shifting from the directorate of the Administracion Nacional de Combustibles, Alcohol, y Portland (ANCAP) to the government.

The Embassy has been informed that the CIO was to contact the Uruguayan Ambassador to the US for the purpose of protesting military intervention in the Montevideo port. (C Montevideo 197, 1 Nov 51)

Comment: The growing strike movement (see OCI Daily Digest, 22 Oct 51) is apparently a show of non-Communist labor strength, and may reflect the activities of forces opposed to the projected constitutional reform bill which will soon face a plebiscite (see OCI Daily Digest, 1 Aug 51). The government's foundering efforts to mediate the strike may result from a desire to delay a conclusive settlement until after the constitutional question is settled.

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SECTION 2 (EASTERN)

1. TURKEY/IRAN. Turkish-Iranian relations deteriorate: Turkish-Iranian relations have deteriorated as a result of Turkish support of Britain in the Anglo-Iranian oil dispute. Turkey is being denounced as "a stooge of the British and Americans and a traitor to the Moslem world." Communists and fellow-travelers are exploiting the situation in order to hinder the plans for an expanded Middle East Command. (S, S/S Tehran 1644, 2 Nov 51).

Comment: Although Iran tends to follow the lead of Turkey in international affairs, traditional suspicion and jealousy of a strong neighbor have made Turkish-Iranian relations difficult.

2. INDOCHINA. De Lattre denounces Vietnamese premier: General de Lattre's charges against Premier Huu, the first rumblings of which were heard a week ago, reached a new peak during a recent interview with US Minister Heath. De Lattre stated, in a way that implied agreement, that his predecessor as High Commissioner had told him that Huu belonged with the worst "rabble" of Indochina. The General went on to call Huu a graftor and black-marketeer. Despite his observation that almost anyone in Vietnam would make a better chief of government De Lattre insisted Huu must remain in office "for a few months" since there is no one capable of replacing him. If he had any real difficulties with the Huu government, De Lattre stated that he would offer his resignation. (S, S/S Saigon 958, 2 Nov 51).

Comment: Early in 1951 De Lattre was largely instrumental in maintaining Huu in power and in effecting the liquidation of Huu's political enemies. His statement that Huu, for all his vices, is currently indispensable denotes an unduly low regard for the quality of Vietnamese politicians. So far as politically conscious Vietnamese are concerned, Huu has always been expendable. This is the first time that De Lattre is known to have played with the possibility of resigning.

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